

**NORTHWEST IOWA COMMUNITY COLLEGE  
SHELDON, IOWA**

**Independent Auditors' Report  
Financial Statements and Supplemental Information  
Schedule of Findings and Questioned Costs**

**June 30, 2009**

**NORTHWEST IOWA COMMUNITY COLLEGE  
C O N T E N T S**

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**NORTHWEST IOWA COMMUNITY COLLEGE**

**OFFICIALS**

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| <b>NAME</b>               | <b>TITLE</b>  | <b>TERM EXPIRES</b> |
|---------------------------|---|---------------------|
| <b>Board of Directors</b> |   |                     |
| Kenneth Vande Brake       | Member  | 2009                |
| Craig Struve              | Member  | 2009                |
| Chad Hamill               | Member  | 2011                |
| Dr. Loretta Berkland      | President   | 2011                |
| Judy Blauwet              | Member  | 2011                |
| Larry Hoekstra            | Member  | 2009                |
| Leroy Van Kekerix         | Vice-President  | 2011                |
| <b>Community College</b>  |   |                     |
| Dr. William Giddings      | President   |                     |
| Dr. Alethea Stubbe        | Board Secretary   |                     |
| Mark Brown                | Executive Director, College Operations<br>and Finance and Board Treasurer |                     |



21 1<sup>st</sup> Avenue NW  
P.O. Box 1010  
Le Mars, IA 51031  
Phone (712) 546-7801  
Fax (712) 546-6543

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Northwest Iowa Community College  
Sheldon, Iowa

We have audited the accompanying financial statements of NORTHWEST IOWA COMMUNITY COLLEGE, Sheldon, Iowa, as of and for the year ended June 30, 2009. These financial statements are the responsibility of the Community College's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Northwest Iowa Community College Foundation (the component unit of the Community College discussed in Note 1), which statements reflect total assets of \$2,740,648 and total operating revenues of \$1,744,723 for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us and our opinion insofar as it relates to that unit is based on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The financial statements of the Northwest Iowa Community College Foundation were not audited in accordance with *Government Auditing Standards*. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of Northwest Iowa Community College and its discretely presented component unit as of June 30, 2009, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2009, on our consideration of Northwest Iowa Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an

opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Management's Discussion and Analysis, Schedule of Funding Progress and budgetary comparison information , are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Northwest Iowa Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information on pages 33 through 55 including the Schedule of Expenditures of Federal Awards required by the United States Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements of Northwest Iowa Community College. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
December 15, 2009

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management of Northwest Iowa Community College provides this Management's Discussion and Analysis of the College's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the College's financial statements, which follow, as well as the separately issued financial statements of the Northwest Iowa Community College Foundation, a discretely presented component unit of the College.

### **2009 FINANCIAL HIGHLIGHTS**

- ◆ College operating revenues increased 7.4% or \$684,405 from fiscal year 2008 (FY 08). Tuition and fees, federal appropriations and Iowa Industrial New Jobs Training revenues reported an increase and auxiliary enterprise revenues decreased.
- ◆ College operating expenses increased 5.8% or \$871,698 from fiscal year 2008 (FY 08). Liberal arts and sciences, vocational technical, adult education, cooperative services, student services, learning resources, general institution, depreciation and amortization reported an increase in expenditures, while administration, physical plant, auxiliary enterprises and scholarships and grants decreased.
- ◆ The College's net assets increased 11.9%, or approximately \$2,393,847, from fiscal year 2008 (FY 08).

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the College's financial activities.

The Basic Financial Statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the College's budget for the year.

Other Supplementary Information provides detailed information about the individual funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the College.

**REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES**

*The Statement of Net Assets*

The Statement of Net Assets presents the assets, liabilities and net assets of the College as a whole, as of the end of the fiscal year. The Statement of Net Assets is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the College to the readers of the financial statements. The Statement of Net Assets includes year-end information concerning current and non-current assets, current and non-current liabilities, and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the College's financial position by analyzing the increases and decreases in net assets. This statement is also a good source for readers to determine how much the College owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

**Net Assets**

|   | June 30             |                     |
|---|---------------------|---------------------|
|   | 2009                | 2008                |
| Current Assets                                  | \$22,519,280        | \$17,129,806        |
| Noncurrent Assets                               | 16,917,957          | 16,136,693          |
| Total Assets                                    | <u>39,437,237</u>   | <u>33,266,499</u>   |
| Current Liabilities                             | 5,917,214           | 5,042,155           |
| Noncurrent Liabilities                          | 10,940,175          | 8,038,343           |
| Total Liabilities                               | <u>16,857,389</u>   | <u>13,080,498</u>   |
| Net Assets                                      |                     |                     |
| Invested in capital assets, net of related debt | 10,992,836          | 10,269,839          |
| Restricted                                      | 1,556,851           | 2,439,163           |
| Unrestricted                                    | 10,030,161          | 7,476,999           |
| Total Net Assets                                | <u>\$22,579,848</u> | <u>\$20,186,001</u> |

**Comparison of Net Assets**

The largest portion of the College's net assets (48.7%) is the invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The next largest portion of the College's net assets (44.4%) is the unrestricted assets that can be used to meet the College's obligations as they come due. The restricted portion of the net assets (6.9%) includes resources that are subject to external restrictions.

*Statement of Revenues, Expenses and Changes in Net Assets*

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of the statement is to present the revenues received by the College, both operating and non-operating, and the expenses paid by the College, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.

In general, a public college, such as Northwest Iowa Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

**Changes in Net Assets**

|   | June 30             |                     |
|---|---------------------|---------------------|
|   | 2009                | 2008                |
| Operating Revenues:                       |                     |                     |
| Tuition and fees                          | \$3,583,791         | \$3,476,702         |
| Federal appropriations                    | 2,047,630           | 1,761,848           |
| Iowa Industrial New Jobs Training Program | 1,686,323           | 1,294,012           |
| Auxiliary                                 | 1,993,089           | 2,519,771           |
| Miscellaneous                             | 665,201             | 239,296             |
| Total operating revenues                  | <u>9,976,034</u>    | <u>9,291,629</u>    |
| Total operating expenses                  | <u>15,952,805</u>   | <u>15,081,107</u>   |
| Operating Loss                            | (5,976,771)         | (5,789,478)         |
| Non-operating revenues (expenses)         |                     |                     |
| State appropriations                      | 5,706,121           | 5,126,296           |
| Property tax                              | 1,768,786           | 1,690,104           |
| Interest income on investments            | 306,456             | 636,126             |
| Gain on sale of capital assets            | 393                 | (5,919)             |
| Rental of college facilities              | 3,365               | 3,475               |
| Donated Capital Assets                    | 1,000,000           | 0                   |
| Interest on indebtedness                  | (90,967)            | (75,422)            |
| Net non-operating revenues                | <u>8,694,154</u>    | <u>7,374,660</u>    |
| Increase in net assets                    | 2,717,383           | 1,585,182           |
| Net assets July 1, 2008                   | 20,186,001          | 18,600,819          |
| Prior Period Adjustment                   | (323,536)           | -                   |
| Net assets June 30, 2009                  | <u>\$22,579,848</u> | <u>\$20,186,001</u> |

The Statement of Revenues, Expenses and Changes in Net Assets reflects a positive year, with an increase in the net assets at the end of the fiscal year.

### Total Revenue by Source

In FY 09, operating revenues increased by \$684,405 (7.4%) as a net result of the following changes:

- ◆ Tuition and fees increased by \$107,089 due to an increase in the tuition rate of \$6.00 per credit hour.
- ◆ Federal appropriations increased by \$285,782 due to the Department of Labor Grant and the first year of our Title III Grant.
- ◆ The Iowa Industrial New Jobs Training program increased by \$392,311. The college did not have a new jobs issuance in FY 08, but did issue training certificates in FY 09.
- ◆ The auxiliary revenues decreased by \$526,682. This is a result of a variety of auxiliary accounts experiencing less revenue in FY 09. Some of these accounts are Business and Industry, 260F Retraining program, Parts Department, Carpentry House, High School SPAN program, Central Supplies, and the Campus Housing Repair.
- ◆ The miscellaneous group increased by \$425,905 as a result of the college not having an issuance of training certificates in FY 08, but selling them in FY 09 and recording the administrative fee.

### Total Expenses

|                           | June 30      |              |
|---------------------------|--------------|--------------|
|                           | 2009         | 2008         |
| Education and support:    |              |              |
| Liberal arts and sciences | \$ 1,218,321 | \$ 1,074,105 |
| Vocational technical      | 3,844,902    | 3,491,764    |
| Adult education           | 790,651      | 720,895      |
| Cooperative services      | 1,693,281    | 1,294,012    |
| Administration            | 682,827      | 864,847      |
| Student services          | 803,818      | 739,662      |
| Learning resources        | 238,653      | 226,722      |
| Physical plant            | 1,269,974    | 1,325,157    |
| General institution       | 2,442,557    | 2,338,596    |
| Auxiliary enterprises     | 2,117,846    | 2,295,261    |
| Scholarships and grants   | 7,443        | 12,351       |
| Depreciation              | 839,302      | 694,717      |
| Amortization              | 3,230        | 3,018        |
|                           | \$15,952,805 | \$15,081,107 |
| Total Operating Expenses  |              |              |

In FY 09, operating expenses increased by \$871,698 (5.8%). The following factors explain some of the changes:

- ◆ Liberal arts and sciences increased by \$144,216 as a result of an increase in on-line courses and sections offered which needed additional adjunct faculty.

- ◆ Vocational technical reported an increase of \$353,138 as a result of the starting of the photography program, the expansion to a fourth section in the Powerline program and additional equipment purchases.
- ◆ Cooperative services reported a increase of \$399,269 due to the fact the college did not issue any new 260E New Jobs Training Certificates for FY 08, but did have an issuance in FY 09.
- ◆ General institution reported an increase of \$103,961 due to the start of a Title III Grant in FY 09.
- ◆ Auxiliary enterprises reported a decrease of \$177,415 due to the decrease activity in the auxiliary accounts for FY 09.

*Statement of Cash Flows*

A statement included in Northwest Iowa Community College's basic financial statements is the Statement of Cash Flows. The Statement of Cash Flows is an important tool in helping users assess the College's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital financing and investing activities.

**Cash Flows**

|  | June 30             |                     |
|--|---------------------|---------------------|
|  | 2009                | 2008                |
| Cash provided (used) by:                 |                     |                     |
| Operating activities                     | \$(3,983,505)       | \$(6,568,165)       |
| Non-capital financing activities         | 6,702,797           | 7,119,756           |
| Capital and related financing activities | (388,981)           | (3,036,372)         |
| Investing activities                     | 306,456             | 636,126             |
| Net increase/(decrease) in cash          | 2,636,767           | (1,848,655)         |
| Cash, beginning of the year              | 15,953,846          | 17,802,501          |
| Cash, end of the year                    | <u>\$18,590,613</u> | <u>\$15,953,846</u> |

Cash used by operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations, local property tax received by the College and the receipt and disbursement of federal direct loan program proceeds. Cash used by capital and related financing activities represents the proceeds from debt, the principal and interest payments on debt and the purchase of capital assets. Cash provided by investing activities includes investment income received.

## **CAPITAL ASSETS**

At June 30, 2009, the College had approximately \$14.8 million invested in capital assets, net of accumulated depreciation of \$11.4 million. Depreciation charges totaled \$839,302 for FY 09. Details of capital assets are shown below.

### **Capital Assets, Net, at Year-End**

|                                | June 30             |                     |
|--------------------------------|---------------------|---------------------|
|                                | 2009                | 2008                |
| Land                           | \$ 346,880          | \$ 346,880          |
| Buildings and Other Structures | 8,956,139           | 9,411,871           |
| Equipment                      | 3,337,240           | 1,940,845           |
| Software Development           | 247,474             | 288,720             |
| Construction in Progress       | 1,901,709           | 71,523              |
| Total                          | <u>\$14,789,442</u> | <u>\$12,059,839</u> |

Planned capital expenditures for the fiscal year ending June 30, 2010 are expected to include technology and new facility construction at an estimated cost of \$6.8 million. The college will be completing the constructing of a Bio Tech addition for \$800,000 which is mostly funded through ACE funding through the state, and the construction of a Life Long Learning and Recreational facility at an estimated cost of \$6 million to be paid from a Vision Iowa Grant, a USDA Loan and contributions through the NCC Foundation and College funds. Also the college plans to purchase equipment estimated at \$400,000. More detailed information about the College's capital assets is presented in Note 5 to the financial statements.

## **DEBT**

At June 30, 2009, the College had \$11.6 million in debt outstanding, an increase of \$2,737,500 from 2008. The certificates payable are the 260E New Jobs Training Certificates and the increase in the bonds payable are the revenue bonds for the O'Brien Hall apartment style dormitory. The table below summarizes these amounts by type.

|                      | June 30             |                    |
|----------------------|---------------------|--------------------|
|                      | 2009                | 2008               |
| Certificates Payable | \$ 7,950,000        | \$7,095,000        |
| Notes Payable        | 12,500              | 25,000             |
| Bonds Payable        | 3,685,000           | 1,790,000          |
| Total                | <u>\$11,647,500</u> | <u>\$8,910,000</u> |

The College also financed a John Deere motor grader through a capital lease, which had a balance of \$111,606 at June 30, 2009. More detailed information about the College's outstanding debt is presented in Note 6 to the financial statements.

## **ECONOMIC FACTORS**

Northwest Iowa Community College continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for College officials. Some of the realities that may potentially become challenges for the College to meet are:

- ◆ State aid is currently being reduced. There has been a deappropriation in state general aid to be collected in FY 10 in the net amount of \$385,000.
- ◆ Expenses will continue to increase and the burden of meeting these obligations have been placed on the students with the continued increases in tuition and fees.
- ◆ Facilities at the College require constant maintenance and upkeep.
- ◆ Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.

The College anticipates the current fiscal year will hold many challenges and we will maintain a close watch over resources to maintain the College's ability to react to unknown issues.

### **Contacting the College's Financial Management**

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Northwest Iowa Community College, 603 West Park Street, Sheldon, IA 51201.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

|  | Primary<br>Government | Component<br>Unit   |
|--|-----------------------|---------------------|
| <b>ASSETS</b>  |                       |                     |
| Current Assets:                                      |                       |                     |
| Cash and Pooled Investments                          | \$ 18,590,613         | \$ 523,169          |
| Receivables:   |                       |                     |
| Accounts   | 552,433               | 118,149             |
| Property Tax:  |                       |                     |
| Current Year Delinquent                              | 23,612                | -                   |
| Succeeding Year                                      | 1,783,030             | -                   |
| Iowa Industrial New Jobs Training Program            | 152,040               | -                   |
| Notes  | 90                    | -                   |
| Accrued Interest                                     | -                     | 1,229               |
| Due from Other Governments                           | 1,080,949             | -                   |
| Inventories  | 203,524               | -                   |
| Prepaid Expenses                                     | 132,989               | -                   |
| <b>Total Current Assets</b>                          | <b>22,519,280</b>     | <b>642,547</b>      |
| Noncurrent Assets:                                   |                       |                     |
| Foundation Promises to Give                          | -                     | 261,424             |
| Restricted Foundation Assets                         | -                     | 1,484,515           |
| Due From Northwest Iowa Community College Foundation | 352,162               | -                   |
| Iowa Industrial New Jobs Training Program Receivable | 1,702,288             | -                   |
| Bond Issue Costs                                     | 74,065                | -                   |
| Capital Assets:                                      |                       |                     |
| Land   | 346,880               | -                   |
| Construction in Progress                             | 1,901,709             | 352,162             |
| Buildings  | 15,478,810            | -                   |
| Other Structures and Improvements                    | 1,017,800             | -                   |
| Furniture, Machinery and Equipment                   | 7,003,714             | -                   |
| Software Development                                 | 412,457               | -                   |
| Accumulated Depreciation                             | (11,371,928)          | -                   |
| <b>Total Noncurrent Assets</b>                       | <b>16,917,957</b>     | <b>2,098,101</b>    |
| <b>Total Assets</b>                                  | <b>\$ 39,437,237</b>  | <b>\$ 2,740,648</b> |

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

|   | Primary<br>Government | Component<br>Unit   |
|---|-----------------------|---------------------|
| <b>LIABILITIES</b>                              |                       |                     |
| Current Liabilities:                            |                       |                     |
| Accounts Payable                                | \$ 1,072,402          | \$ -                |
| Salaries and Benefits Payable                   | 232,171               | -                   |
| Accrued Interest Payable                        | 15,271                | -                   |
| Deferred Revenue:                               |                       |                     |
| Succeeding Year Property Tax                    | 1,783,030             | -                   |
| Other   | 395,556               | -                   |
| Early Retirement Payable                        | 183,012               | -                   |
| Compensated Absences Payable                    | 27,683                | -                   |
| Insurance Reserve                               | 150,000               | -                   |
| Deposits Held in Custody for Others             | 500,589               | -                   |
| Certificates Payable                            | 1,385,000             | -                   |
| Notes Payable                                   | 12,500                | -                   |
| Bonds Payable                                   | 160,000               | -                   |
| <b>Total Current Liabilities</b>                | <b>5,917,214</b>      | <b>-</b>            |
| Noncurrent Liabilities:                         |                       |                     |
| Compensated Absences Payable                    | 249,148               | -                   |
| Early Retirement Payable                        | 344,421               | -                   |
| Capital Lease Payable                           | 111,606               | -                   |
| Certificates Payable                            | 6,565,000             | -                   |
| Due to Northwest Iowa Community College         | -                     | 352,162             |
| Bonds Payable                                   | 3,525,000             | -                   |
| Net OPEB Obligation                             | 145,000               | -                   |
| <b>Total Noncurrent Liabilities</b>             | <b>10,940,175</b>     | <b>352,162</b>      |
| <b>Total Liabilities</b>                        | <b>16,857,389</b>     | <b>352,162</b>      |
| <b>NET ASSETS</b>                               |                       |                     |
| Invested in Capital Assets, Net of Related Debt | 10,992,836            | 352,162             |
| Restricted:                                     |                       |                     |
| Nonexpendable:                                  |                       |                     |
| Cash Reserve                                    | 119,016               | -                   |
| Temporarily Restricted Foundation Net Assets    | -                     | 869,738             |
| Permanent Foundation Net Assets                 | -                     | 224,764             |
| Expendable:                                     |                       |                     |
| Loans   | 13,118                | -                   |
| Board Restricted Foundation Net Assets          | -                     | 390,013             |
| Other Foundation Net Assets                     | -                     | 551,809             |
| Other   | 1,424,717             | -                   |
| Unrestricted                                    | 10,030,161            | -                   |
| <b>Total Net Assets</b>                         | <b>\$ 22,579,848</b>  | <b>\$ 2,388,486</b> |

**NORTHWEST IOWA COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009**

|  | Primary<br>Government | Component<br>Unit   |
|--|-----------------------|---------------------|
| <b>Revenues</b>  |                       |                     |
| Operating Revenues:  |                       |                     |
| Tuition and Fees, net of scholarship allowances of \$1,011,025       | \$ 3,583,791          | \$ -                |
| Federal Appropriations   | 2,047,630             | -                   |
| Iowa Industrial New Jobs Training Program                            | 1,686,323             | -                   |
| Auxiliary Enterprises, net of scholarship allowances<br>of \$189,692 | 1,993,089             | -                   |
| Donated Equipment and Services                                       | -                     | 1,102,451           |
| Special Events, net of related expenses, \$5,867                     | -                     | 18,856              |
| Contributions  | -                     | 623,416             |
| Miscellaneous  | 665,201               | -                   |
| Total Operating Revenues   | <u>9,976,034</u>      | <u>1,744,723</u>    |
| <b>Expenses</b>  |                       |                     |
| Operating Expenses:  |                       |                     |
| Education and Support:   |                       |                     |
| Liberal Arts and Sciences  | 1,218,321             | -                   |
| Vocational Technical   | 3,844,902             | 68,248              |
| Adult Education  | 790,651               | -                   |
| Cooperative Services   | 1,693,281             | -                   |
| Administration   | 682,827               | 8,888               |
| Student Services   | 803,818               | -                   |
| Learning Resources   | 238,653               | -                   |
| Physical Plant   | 1,269,974             | 1,102,451           |
| General Institution  | 2,442,557             | -                   |
| Auxiliary Enterprises  | 2,117,846             | -                   |
| Scholarships and Grants  | 7,443                 | 197,860             |
| Amortization   | 3,230                 | -                   |
| Depreciation   | 839,302               | -                   |
| Total Operating Expenses   | <u>15,952,805</u>     | <u>1,377,447</u>    |
| Operating Income (Loss)  | (5,976,771)           | 367,276             |
| <b>Non-operating Revenues (Expenses)</b>                             |                       |                     |
| State Appropriations   | 5,706,121             | -                   |
| Property Tax   | 1,768,786             | -                   |
| Interest Income From Investments                                     | 306,456               | (134,736)           |
| Gain (Loss) on Disposal of Capital Assets                            | 393                   | -                   |
| Rental of College Facilities   | 3,365                 | -                   |
| Donated Capital Assets   | 1,000,000             | -                   |
| Interest on Indebtedness   | (90,967)              | -                   |
| Net Non-operating Revenues   | <u>8,694,154</u>      | <u>(134,736)</u>    |
| Increase in Net Assets   | <u>2,717,383</u>      | <u>232,540</u>      |
| Net Assets Beginning of Year   | 20,186,001            | 2,155,946           |
| Prior Period Adjustment  | (323,536)             | -                   |
| Net Assets Beginning of Year, as Restated                            | <u>19,862,465</u>     | <u>2,155,946</u>    |
| Net Assets End of Year   | <u>\$ 22,579,848</u>  | <u>\$ 2,388,486</u> |

See Notes to Financial Statements

**NORTHWEST IOWA COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2009**

|  | Primary<br>Government |
|--|-----------------------|
| <b>Cash Flows from Operating Activities:</b>                     |                       |
| Tuition and Fees   | \$ 3,701,031          |
| Grants and Contracts   | 1,878,843             |
| Iowa Industrial New Jobs Training Program                        | 1,984,984             |
| Payments to Employees  | (8,622,811)           |
| Payments to Suppliers  | (4,756,118)           |
| Net Receipts of NJTP Issuances and Repayments                    | (838,281)             |
| Payments for Scholarships  | (7,443)               |
| Auxiliary Enterprise Charges                                     | 2,011,089             |
| Other Receipts   | 665,201               |
| Net Cash (Used) by Operating Activities                          | (3,983,505)           |
| <b>Cash Flows from Non-Capital Financing Activities:</b>         |                       |
| State Appropriations   | 4,955,316             |
| Property Tax   | 1,768,583             |
| Rental of College Facilities                                     | 3,365                 |
| Agency receipts  | 373,662               |
| Agency disbursements   | (398,129)             |
| Net Cash Provided From Non-Capital Financing Activities          | 6,702,797             |
| <b>Cash Flows from Capital and Related Financing Activities:</b> |                       |
| Aquisition of Capital Assets                                     | (2,160,401)           |
| Proceeds from the Issuance of Bonds                              | 1,947,285             |
| Proceeds from the Sale of Fixed Assets                           | 23,225                |
| Principal Paid on Debt   | (115,939)             |
| Interest Paid on Debt  | (83,151)              |
| Net Cash (Used) by Capital and Related Financing Activities      | (388,981)             |
| <b>Cash Flows from Investing Activities:</b>                     |                       |
| Interest on Investments  | 306,456               |
| Net Cash Provided by Investing Activities                        | 306,456               |
| Net Increase in Cash   | 2,636,767             |
| Cash at Beginning of Year  | 15,953,846            |
| Cash at End of Year  | \$ 18,590,613         |

**NORTHWEST IOWA COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2009**

|  | Primary<br>Government |
|--|-----------------------|
| Reconciliation of Operating Loss to Net Cash Used by<br>Operating Activities:        |                       |
| Operating (Loss)   | \$ (5,976,771)        |
| Adjustments to Reconcile Operating Loss to Net Cash<br>Used by Operating Activities: |                       |
| Depreciation   | 839,302               |
| Amortization   | 3,230                 |
| Changes in Assets and Liabilities:   |                       |
| Decrease in Prepaid  | 7,509                 |
| Decrease in Accounts Receivable  | 136,136               |
| Decrease in NJTP Receivable  | 274,381               |
| (Increase) in Due From Other Governments   | (88,314)              |
| Decrease in Inventories  | 18,848                |
| (Decrease) in Accounts Payable   | (8,330)               |
| Increase in Salaries Payable   | 31,396                |
| (Decrease) in Deferred Revenue   | (57,089)              |
| Increase in Compensated Absences   | 30,849                |
| (Decrease) in Early Retirement Payable   | (179,007)             |
| Increase in Other Postemployment Benefits  | 145,000               |
| Increase in Deposits in Custody  | (15,645)              |
| Increase in Certificates Payable   | 855,000               |
| Total Adjustments  | 1,993,266             |
| Net Cash (Used) by Operating Activities  | \$ (3,983,505)        |

**Noncash, Capital and Related Financing Activities:**

The College received donated capital assets with a fair value of \$1,000,000.  
The College entered into a capital lease for a motor grader with a face value of \$137,545.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2009**

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**Note 1 - Summary of Significant Accounting Policies**

Northwest Iowa Community College is a publicly supported college, established and operated by Merged Area IV under the provisions of Chapter 260C of the Code of Iowa. Northwest Iowa Community College may offer programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. Northwest Iowa Community College also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Northwest Iowa Community College maintains a campus and has its administrative office in Sheldon, Iowa. The Community College is governed by a Board of Directors whose members are elected from each director district within Merged Area IV.

The Community College's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Northwest Iowa Community College has included all funds, organizations, agencies, boards, commissions and authorities. The Community College has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Community College are such that exclusion would cause the Community College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Community College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Community College. Northwest Iowa Community College has included the Northwest Iowa Community College Foundation as a blended component unit that meets the Governmental Accounting Standards Board criteria. The Northwest Iowa Community College Foundation has been audited separately and a report has been issued under separate cover. A copy of the audited financial statements are available at the College.

Discrete Component Unit

Northwest Iowa Community College Foundation is a legally separate non-profit corporation, whose goal is to provide support to the Community College and students, and whose financial activities are included as endowment funds in these financial statements. Northwest Iowa Community College Foundation primarily receives funds through donations to provide scholarships to students. The governing board of this organization has members who are also officers of the Community College. However, these members do not comprise a majority of the Foundation's board. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources that are held are used for the benefit of Northwest Iowa Community College and its students.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2009**

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**Note 1 - Summary of Significant Accounting Policies – (Continued)**

Net assets of the Foundation at June 30, 2009, include the following:

|   |                     |
|---|---------------------|
| Invested in Capital Assets, Net of Related Debt | \$ 352,162          |
| Expendable Net Assets                           | 941,822             |
| Temporarily Restricted Net Assets               | 869,738             |
| Permanently Restricted Net Assets               | 224,764             |
|   | <u>\$ 2,388,486</u> |

**B. Basis of Presentation**

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following four net asset categories:

Invested in Capital Assets, Net of Related Debt: Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets:

Nonexpendable – Net assets subject to externally imposed stipulations that they be maintained permanently by the Community College, including the Community College's permanent endowment funds, and a cash reserve required by Iowa Code.

Expendable – Net assets whose use by the Community College is subject to externally imposed stipulations that can be fulfilled by actions of the Community College, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Assets: Net assets that are not subject to externally imposed situations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties. When an expense is incurred for which both restricted and unrestricted resources are available, the College will first apply restricted resources.

GASB Statement No. 35 also requires that Statements of Net Assets, Revenues, Expenses and Changes in Net Assets and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the Community College. For the most part, the effect of interfund activity has been removed from these statements.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2009**

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**Note 1 - Summary of Significant Accounting Policies – (Continued)**

C. Measurement Focus and Basis of Accounting

For financial reporting purposes, Northwest Iowa Community College is considered a special-purpose government engaged only in business type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The College applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

D. Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the balance sheet:

Cash and Pooled Investments – Investments consist of non-negotiable savings and certificates of deposit and are stated at cost which approximates fair value, except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, which approximates fair value. The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

For the purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amount of cash, and at the day of purchase, they have a maturity date no longer than three months.

Short-Term Interfund Receivables/Payables – During the course of its operations, the Community College had numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received, as of June 30, 2009, balances of interfund amounts receivable or payable have been recorded as “due to other funds” and “due from other funds”, respectively.

Due from Other Governments – This asset represents state aid, grants and reimbursements due from the State of Iowa, grants and reimbursements due from the Federal government, and amounts due from local municipalities.

Inventories – Inventories are valued at lower of cost (first-in, first-out method) or market. The cost is recorded as an expenditure at the time individual inventory items are consumed.

Property Tax Receivable – Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the Board of Directors to the appropriate County Auditors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2009**

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**Note 1 - Summary of Significant Accounting Policies – (Continued)**

receivable represents taxes certified by the Board of Directors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Directors is required to certify its budget to the County Auditor by June 1 of

each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the Community College for training projects entered into between the Community College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2009, on NJTP projects, plus interest incurred on NJTP certificates, less revenues received to date.

Capital Assets – Capital assets, which include land, buildings and improvements and equipment and vehicles, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets are defined by the Community College as assets with initial, individual costs in excess of \$5,000.

Depreciation is computed using the straight-line method over the following estimated useful lives:

| <u>Asset Class</u>                | <u>Estimated Useful Lives</u><br><u>(In Years)</u> |
|-----------------------------------|--|
| Buildings                         | 30   |
| Other structures and improvements | 30   |
| Equipment                         | 5-10   |
| Vehicles                          | 5-10   |

The Community College does not capitalize or depreciate library books. The value of each book falls below the capital asset threshold and the balance was deemed immaterial to the financial statements. Interest costs incurred during the year were \$139,511 of which \$48,544 have been capitalized.

Salaries and Benefits Payable – Payroll and related expenses for instructors with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2009**

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**Note 1 - Summary of Significant Accounting Policies – (Continued)**

Deferred Revenue – When assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue. Deferred revenue consists of succeeding year property tax receivable, tuition deposits, tuition paid for portion of summer term after June 30<sup>th</sup>, unspent grant proceeds and unearned revenue on 260 E and F projects.

Compensated Absences – Community College employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences plus related benefits are recorded as liabilities of the appropriate fund. These liabilities have been computed based on rates of pay in effect at June 30, 2009.

Bond Issuance Costs – Bond issuance costs are deferred and amortized over the life of the bonds using a straight-line method.

Auxiliary Enterprise Revenues – Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, dormitories, parts, printing and reproduction, and trade and industry.

Summer Session – The College operates summer sessions during May, June, and July. Revenues and expenses for the summer sessions are allocated between fiscal years based upon the number of days in the term occurring before and after June 30<sup>th</sup>.

Tuition and Fees – Tuition and fees revenues are reported net of scholarship allowances, while other payments made directly to students are presented as scholarship expenses.

Operating and Non-Operating Activities – Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Assets, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Non-operating activities include state appropriations, property tax and interest income.

**E. Scholarship Allowances and Student Aid**

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2009**

**Note 2 - Cash and Pooled Investments**

The Community College's deposits in banks at June 30, 2009, were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Community College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements, certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

All of the College's investments are in savings accounts, certificates of deposit, Iowa Schools Joint Investment Trust (ISJIT) or money-market accounts, thus cost equals fair value for all of the College's investments with the exception of ISJIT as discussed at Note 1.D. The College protects against interest rate risk by dictating all maturities be of one year or less.

As of June 30, 2009, the College's investments were rated at follows:

| <u>Investment Type</u>              | <u>Moody<br/>Investor<br/>Services</u> |
|-------------------------------------|--|
| Iowa Schools Joint Investment Trust | Aaa                                    |

**Note 3 - Accounts Receivable and Credit Policies**

Accounts receivable includes \$71,947 for uncollateralized student obligations stated at the amount billed to the student plus any accrued and unpaid interest. Management reviews all accounts receivable balances that are delinquent and estimates the portion, if any, of the balance that will not be collected.

Each student is required to pay the balance on their account by the first day of class. However, students do have the option of enrolling with a third party designated by the college which administers a payment plan. The students are required to pay a \$35 fee to participate in the plan, of which NICC receives \$10. The third party handles all collections of payments and remits them to NICC.

**Note 4 - Inventories**

The Community College's inventories at June 30, 2009, are as follows:

|                                       |                   |
|---------------------------------------|-------------------|
| Parts, Supplies and Materials         | \$ 41,329         |
| Merchandise Held for Resale-Bookstore | 146,812           |
| Other-Bookstore                       | <u>15,383</u>     |
| Total                                 | <u>\$ 203,524</u> |

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2009**

**NOTE 5 - Capital Assets**

Capital assets activity for the year ended June 30, 2009 is as follows:

|   | Balance<br>Beginning<br>of Year | Additions | Deletions   | Balance<br>End<br>Of Year |
|---|---------------------------------|-----------|-------------|---------------------------|
| Capital Assets, not being depreciated:          |                                 |           |             |                           |
| Land  | \$ 346,880                      | \$ -      | \$ -        | \$ 346,880                |
| Construction in Progress                        | 71,523                          | 1,830,186 | -           | 1,901,709                 |
| Total Capital Assets, not being depreciated     | 418,403                         | 1,830,186 | -           | 2,248,589                 |
| Capital Assets, being depreciated:              |                                 |           |             |                           |
| Buildings                                       | 15,478,810                      | -         | -           | 15,478,810                |
| Other Structures and Improvements               | 1,017,800                       | -         | -           | 1,017,800                 |
| Furniture, Machinery and Equipment              | 5,674,905                       | 1,761,551 | 432,742     | 7,003,714                 |
| Software Development                            | 412,457                         | -         | -           | 412,457                   |
| Total Capital Assets, being depreciated         | 22,583,972                      | 1,761,551 | 432,742     | 23,912,781                |
| Less Accumulated Depreciation for:              |                                 |           |             |                           |
| Buildings and Other Structures and Improvements | 7,084,739                       | 455,732   | -           | 7,540,471                 |
| Movable Equipment                               | 3,857,797                       | 383,570   | 409,910     | 3,831,457                 |
| Total Accumulated Depreciation                  | 10,942,536                      | 839,302   | 409,910     | 11,371,928                |
| Total Capital Assets, Being Depreciated, Net    | \$11,641,436                    | \$922,249 | \$ (22,832) | \$12,540,853              |

Furniture, machinery and equipment include \$137,545 of assets acquired under capital lease.

The College has lease agreement with the City of Sioux Center for 800 square feet in the Sioux Center Public Library. This agreement is from January 1, 2009 to December 31, 2011 with a commitment of \$533 per month. There are also renewal options available to extend the agreement through December 31, 2017.

At year end the discretely presented component unit had fixed assets consisting of construction in progress relating to the Wellness Center Facility.

**NOTE 6 – Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2009, is as follows:

|                             | Capital<br>Lease | Certificates<br>Payable | Notes<br>Payable | Bonds<br>Payable | Compensated<br>Absences | Total        |
|-----------------------------|------------------|-------------------------|------------------|------------------|-------------------------|--------------|
| Balance Beginning of Year   | \$ -             | \$ 7,095,000            | \$ 25,000        | \$ 1,790,000     | \$ 245,982              | \$9,155,982  |
| Additions                   | 137,545          | 2,485,000               | -                | 1,985,000        | 239,863                 | 4,709,863    |
| Reductions                  | 25,939           | 1,630,000               | 12,500           | 90,000           | 209,014                 | 1,941,514    |
| Balance End of Year         | 111,606          | 7,950,000               | 12,500           | 3,685,000        | 276,831                 | 11,924,331   |
| Portion Due Within One Year | \$ -             | \$ 1,385,000            | \$ 12,500        | \$ 160,000       | \$ 27,683               | \$ 1,585,183 |

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2009**

**NOTE 6 – Changes in Long-Term Liabilities - (Continued)**

Capital Lease

The College entered into an agreement to lease a John Deere Motor Grader. The agreement is for a period of five years at an interest rate of 3.95%. The lease expires in 2014.

The following is a schedule by year of future minimum lease payments and the present value of net minimum lease payments under the agreement described above in effect at June 30, 2009:

| Year Ending June 30,                        | Amount            |
|---|-------------------|
| 2010  | \$ -              |
| 2011  | 26,257            |
| 2012  | 26,257            |
| 2013  | 26,257            |
| 2014  | 26,257            |
| 2015  | 21,514            |
| Total minimum lease payments                | 126,542           |
| Less amount representing interest           | (14,936)          |
| Present value of net minimum lease payments | <u>\$ 111,606</u> |

Payment under this agreement for the year ended June 30, 2009 totaled \$31,000.

Certificates Payable

In accordance with agreements dated between December 9, 1985 and July 2008, the Community College issued certificates totaling \$20,845,000, with interest rates ranging from 2.6% to 8.1% per annum. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default from standby property taxes.

Long-Term Debt

The certificates will mature as follows:

| Years Ending<br>June 30, | Principal           | Interest            | Total               |
|--------------------------|---------------------|---------------------|---------------------|
| 2010                     | \$ 1,385,000        | \$ 437,984          | \$ 1,822,984        |
| 2011                     | 1,375,000           | 364,170             | 1,739,170           |
| 2012                     | 995,000             | 287,840             | 1,282,840           |
| 2013                     | 970,000             | 233,950             | 1,203,950           |
| 2014                     | 900,000             | 180,728             | 1,080,728           |
| 2015-2018                | 2,325,000           | 249,625             | 2,574,625           |
| Total                    | <u>\$ 7,950,000</u> | <u>\$ 1,754,297</u> | <u>\$ 9,704,297</u> |

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2009**

**NOTE 6 – Changes in Long-Term Liabilities - (Continued)**

Notes Payable

The Community College has issued one note as allowed by Section 260C.58 of the Code of Iowa.

The first note, for the purchase of equipment, was issued for \$125,000 during the year ended June 30, 2000. There is no stated interest rate and the note is payable in annual installments of \$12,500 each July beginning on July 1, 2000. The note balance at June 30, 2009 is \$12,500. The note is unsecured.

Bonds Payable

On December 1, 2001, the Community College advance refunded its 1992 dormitory building construction bonds. The Community College issued \$335,000 dormitory refunding revenue bonds with interest rates ranging from 2.50% to 4.30% to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Plant Fund. This refunding was undertaken to reduce total debt service payments over the next 8 years by \$81,590.

On February 1, 2007 the college issued \$1,745,000 of Dormitory Revenue Bonds for the construction of the Lyon Hall Student Housing Complex as allowed by Section 260C.19 of the Code of Iowa. This bond carries a variable interest rate beginning at 4.15% in its first year and increasing 0.05% each year for a final interest rate of 5.30%.

On December 1, 2008 the College issued \$1,985,000 of Dormitory Revenue Bonds for the construction of O'Brien Hall Student Housing Complex as allowed by Section 260C.19 of the Code of Iowa. This bond carries a variable interest rate beginning at 3.00%, increasing incrementally each year to a final interest rate of 5.50%.

The Dormitory bonds will mature as follows:

| Years<br>Ending<br>June 30, | Principal          | Interest            | Total               |
|-----------------------------|--------------------|---------------------|---------------------|
| 2010                        | \$ 160,000         | \$ 179,510          | \$ 339,510          |
| 2011                        | 120,000            | 173,470             | 293,470             |
| 2012                        | 130,000            | 168,970             | 298,970             |
| 2013                        | 135,000            | 163,900             | 298,900             |
| 2014                        | 140,000            | 158,418             | 298,418             |
| 2015-2019                   | 810,000            | 692,905             | 1,502,905           |
| 2020-2024                   | 1,065,000          | 471,640             | 1,536,640           |
| 2025-2029                   | 1,125,000          | 166,400             | 1,291,400           |
| Total                       | <u>\$3,685,000</u> | <u>\$ 2,175,213</u> | <u>\$ 5,860,213</u> |

**NOTE 7 – Iowa Public Employees Retirement System (IPERS)**

The Community College contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing, multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2009**

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**NOTE 7 – Iowa Public Employees Retirement System (IPERS) – (Continued)**

financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual covered salary and the Community College is required to contribute 6.35% of annual payroll. Contribution requirements are established by State statute. The Community College's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$169,021, \$146,820, and \$144,411 respectively, equal to the required contribution.

**NOTE 8 – Teachers Insurance and Annuity Association – College Retirement Equities (TIAA-CREF)**

The Community College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible Community College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 4.10% and the Community College is required to contribute 6.35%. The Community College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2009, were \$185,025 and \$119,465, respectively.

**Note 9 – Other Postemployment Benefits (OPEB)**

The College prospectively implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during the year ended June 30, 2009.

Plan Description – The College operates a single-employer retiree benefit plan which provides medical/dental/prescription drug benefits for retirees and their spouses. There are 108 active and 13 retired members in the plan. Participants must be age 55 or older at retirement and have been actively employed as a full time employee of the College for at least fifteen years by June 30 of the year they retire, and be under contract with the College.

Effective January 1, 2009, future eligible retirees will receive paid medical and dental premiums until reaching Medicare eligibility or for 84 months. Spousal coverage will cease upon Medicare eligibility, 36 months after the retiree's coverage is terminated, or after 84 months. Retirees are responsible for any increase in the cost of insurance after their date of retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Alliance Select. The dental coverage is provided through Delta Dental. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability, in addition to the explicit subsidy.

Funding Policy – The contribution requirements of plan members are established and may be amended by the College. The College currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The College's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Community College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2009**

**Note 9 – Other Postemployment Benefits (OPEB) – (Continued)**

of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

|  |            |
|--|------------|
| Annual required contribution               | \$ 194,000 |
| Interest on net OPEB obligation            | -          |
| Adjustment to annual required contribution | -          |
|  | 194,000    |
| Annual OPEB cost                           |            |
| Contributions made                         | 49,000     |
| Increase in net OPEB obligation            | 145,000    |
| Net OPEB obligation beginning of year      | -          |
| Net OPEB obligation end of year            | \$ 145,000 |

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

| Year Ended    | Annual OPEB Cost | Percentage of Annual OPEB Cost Contribution | Net OPEB Obligation |
|---------------|------------------|---|---------------------|
| June 30, 2009 | \$ 194,000       | 25.26%                                      | \$ 145,000          |

Funded Status and Funding Progress – As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008, through June 30, 2009, the actuarial accrued liability was \$1.486 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.486 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$5,456,752 and the ratio of the UAAL to covered payroll was 27.23%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2009**

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**Note 9 – Other Postemployment Benefits (OPEB) – (Continued)**

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the College's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**NOTE 10 – New Jobs Training Programs**

The Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area IV in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the Community College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property taxes. Since inception, the Community College has administered sixty-five projects with thirty-eight currently having project funding available. The twenty-seven remaining projects have been completed, and have been fully repaid. In cases where projects exceed the budgeted amounts, the Community College intends to obtain additional withholding revenue from the companies.

The Community College also administers the Iowa Small Business New Jobs Training Program (SBNJTP) in Area IV in accordance with Chapter 260F of the Code of Iowa. SBNJTP's purpose is to provide tax-aided training or retraining for employees of small businesses which are new to or are expanding their operations within the State of Iowa. Approved small businesses receive loans from the Iowa Employment Training Fund, a State administered fund. Since inception, the Community College has administered 92 projects, with 8 projects having unspent training dollars at June 30, 2009.

The Community College is also involved in the Iowa Accelerated Career Education (ACE) Program in Area IV in accordance with Chapter 260G of the Code of Iowa. ACE's purpose is to provide financial assistance for business driven training programs. The Community College received state grants for \$291,837 and \$366,666 for the construction of a new facility for the associate degree in nursing program, as well as \$366,666 and \$422,221 for construction involved with a new radiology tech program. In both fiscal years 2007 and 2008 the College was awarded another \$366,666 to be granted as costs for a bio-tech addition are incurred. In fiscal year 2009 the College was allocated \$566,666 through the ACE Program to be used as expenditures are

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2009**

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**NOTE 10 – New Jobs Training Programs – (Continued)**

incurred for a heavy equipment program facility. The second aspect of this program provides funding for the operational costs of a program through withholding credits and a 20% employer match. The Community College has five 260G programs, industrial instrumentation, practical nursing, radiology tech, and two associate nursing programs.

**NOTE 11 – Termination Benefits**

The College offered a voluntary early retirement plan to its employees during a portion of fiscal year 2009. The plan was effective from July 1, 2008 thru December 31, 2008. Eligible employees must have completed at least fifteen years of full-time service to the College and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Directors and letter of resignation was to be received by April 1, 2008. Three employees are in the new program. This was a one time opportunity, however on January 1, 2009 an open ended plan was established, to date no employees have applied.

Early retirement benefits are a one-time cash incentive equal to 2%, multiplied by the employee's total number of qualifying years of service, multiplied by the employee's annual base salary at the date of retirement request, with a maximum retirement benefit not to exceed 100% of the employee's annual base salary at the date of request for early retirement.

The one-time incentives will be paid in two equal installments the first within 60 days of retirement. The second payment will be paid one hundred eighty days thereafter.

Eligible employees of the new plan shall also receive, at no cost to the employee, health/dental coverage for both the employee and spouse for up to 84 months depending upon age.

In fiscal year 2006 the college offered another one-time enrollment early retirement plan in which the college offered one-time cash payments, which have been paid, and no cost health/dental coverage to the employees and spouses for up to 84 months. At June 30, 2009 there were six employees receiving benefits under this plan.

In fiscal year 2003 the college also offered a one-time enrollment early retirement plan in which the college offered one-time cash payments, which have subsequently been paid, and no cost health/dental coverage to the employees and spouses until age 65. At June 30, 2009 there were four employees receiving health/dental coverage under this plan.

At June 30, 2009, the college has obligations to 13 participants with a total liability of \$527,432. The liability is calculated based on unadjusted premium and incentive amounts to be paid over the term of each employee's involvement in the plan. Early retirement is funded on a pay-as-you-go basis through property tax levies. Actual early retirement cash basis expenditures for the year ended June 30, 2009 totaled \$188,899.

**NOTE 12 – Risk Management**

The Community College carries commercial insurance purchased from other insurers for coverage associated with general liability, automobile liability and physical damage, property and inland marine, errors and omissions, crime insurance, fiduciary bonds, boiler and machinery insurance, and health and dental insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2009**

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**NOTE 12 – Risk Management – (Continued)**

Prior to July 31, 2003, the Community College self-insured for health and dental coverage. The insurance reserve liability of \$150,000 is maintained in case the Community College decides to self-insure in the future.

**NOTE 13 – Subsequent Event**

On November 17, 2009, the Board voted to suspend the early retirement plan which had been in effect since January 1, 2009.

**NOTE 14 – Prior Period Adjustment**

The June 30, 2008 beginning net assets was reduced to reflect a change in the reporting of the Northwest Iowa Developers Group. In the past the activity of this group was reported as an auxiliary enterprise, however it was determined this group would be more accurately reported as an agency fund of the College. Thus the beginning net assets of the College was reduced by \$323,536 to remove the beginning net assets of Northwest Iowa Developers.

In the other supplementary information presented, prior period adjustments were made to reclassify beginning fund balance amounts between the auxiliary enterprises, with no net effect on beginning net assets.

Also on the Statement of Revenues, Expenditures and Other Changes in Fund Balances, the beginning net assets of the endowment funds was removed, as the College's Foundation is now being reported as a discrete component unit.

**Note 15 – Wellness Center Project**

Northwest Iowa Community College in conjunction with the Northwest Iowa Community College Foundation are in the process of constructing a Wellness Center Facility. The Foundation, a discretely presented component unit of the College will own the facility, however the College will operate the facility and enter into a capital lease with the Foundation, when construction is completed. The College will incur the initial cost of construction, which will be reimbursed by the Foundation through the issuance of USDA loans and the remaining amounts paid by the College will be applied as lease payments. At June 30, 2009, \$352,162 had been spent by the College on the project to date. This amount is reflected as an asset of the College and liability of the Foundation on the Statement of Net Assets.

**REQUIRED SUPPLEMENTARY INFORMATION**

NORTHWEST IOWA COMMUNITY COLLEGE  
 POST EMPLOYMENT HEALTHCARE BENEFITS  
 SCHEDULE OF FUNDING PROGRESS  
 FOR THE YEAR ENDED JUNE 30, 2009

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)-<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>(b-a)/c |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|---|
| 7/1/2008 *                     | \$ -                                   | \$ 1,486,000                                       | \$ 1,486,000                       | 0.00%                    | \$ 5,456,752              | 27.2%   |

\* Fiscal 2009 was the first year for calculating the Post Employment Benefit Obligation so information from previous years is not available.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Budgetary Comparison Schedule of Expenditures –**  
**Budget and Actual**  
**June 30, 2009**

| Funds/Levy            | Original<br>Budget | Amended<br>Budget | Actual        | Variance<br>Between<br>Actual and<br>Budget |
|-----------------------|--------------------|-------------------|---------------|---|
| Unrestricted          | \$ 10,125,047      | \$ 10,125,047     | \$ 9,576,345  | \$ 548,702                                  |
| Restricted            | 3,967,000          | 3,967,000         | 3,969,715     | (2,715)                                     |
| Unemployment          | 10,000             | 10,000            | 1,946         | 8,054                                       |
| Insurance             | 170,000            | 170,000           | 181,339       | (11,339)                                    |
| Early Retirement      | 100,000            | 100,000           | 16,828        | 83,172                                      |
| Equipment Replacement | 255,000            | 255,000           |               | 255,000                                     |
| Total Restricted      | 4,502,000          | 4,502,000         | 4,169,828     | 332,172                                     |
| Plant                 | 2,100,000          | 3,600,000         | 3,569,928     | 30,072                                      |
| Total                 | \$ 16,727,047      | \$ 18,227,047     | \$ 17,136,101 | \$ 910,946                                  |

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Note to Required Supplementary Information –**  
**Budgetary Reporting**  
**June 30, 2009**

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The Board of Directors annually prepares a budget designating the proposed expenditures for operation of the Community College on a basis consistent with U.S. generally accepted accounting principles. Following required public notice and hearing and in accordance with Chapter 260C of the Code of Iowa, the Board of Directors certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Job Training Partnership Act Accounts, Loan Funds, Endowment Funds and Agency Funds.

**OTHER SUPPLEMENTARY INFORMATION**

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to Other Supplementary Information**  
**June 30, 2009**

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Supplemental Financial Statements

The supplemental financial information of the Community College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenue and expenditures. These funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The various fund groups and their designated purposes are as follows:

Current Funds – The current funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the Community College and consist of the following:

Unrestricted Fund – The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the Community College. All property tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this subgroup. From this subgroup are paid the general operating expenses, the fixed charges and the expenditures for plant assets that are not paid from other funds.

The Auxiliary Enterprises subgroup accounts for activities which are intended to provide non-instructional services for sales to students, staff, and/or institutional departments and which are supplemental to the educational and general objectives of the Community College. In addition, it accounts for activities which provide instructional and laboratory experiences for students and which incidentally create goods and services that may be sold to students, faculty, staff and the general public.

Restricted Fund – The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by donors or outside agencies.

Loan Funds – The Loan Funds are used to account for loans to students, and are financed primarily by contributions from private citizens.

Plant Funds – The Plant Funds are used to account for transactions relating to investment in the Community College properties and consist of the following self-balancing subfunds:

Unexpended – This subfund is used to account for the unexpended resources derived from various sources for the acquisition or construction of plant assets.

Retirement of Indebtedness – This subfund is used to account for the accumulation of resources for principal and interest payments on plant indebtedness.

Investment in Plant – This subfund is used to account for the excess of the carrying value of plant assets over the related liabilities.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to Other Supplementary Information**  
**June 30, 2009**

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Agency Funds – The Agency Funds are used to account for assets held by the Community College in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities. Transactions of the Agency Funds represent charges or credits to the individual asset and liability accounts and do not involve measurement of revenues or expenditures.

Schedules presented in the supplemental information are reported using the "current financial resources measurement focus" and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The schedule of revenues, expenditures and changes in fund balance is a schedule of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.

**NORTHWEST IOWA COMMUNITY COLLEGE  
BALANCE SHEET  
JUNE 30, 2009**

|   | Current Funds       |                     |                     |                  |
|---|---------------------|---------------------|---------------------|------------------|
|   | Unrestricted        | Restricted          |                     | Loan Funds       |
|   |                     | New Jobs Training   | Other Restricted    |                  |
| <b>Assets</b>   |                     |                     |                     |                  |
| Cash and Pooled Investments   | \$ 7,745,839        | \$ 6,095,672        | \$ 1,850,290        | \$ 13,028        |
| Receivables:  |                     |                     |                     |                  |
| Accounts  | 545,759             |                     | 6,674               |                  |
| Property Tax:   |                     |                     |                     |                  |
| Current Year Delinquent   | 6,955               |                     | 9,702               |                  |
| Succeeding Year   | 551,469             |                     | 680,092             |                  |
| Notes   |                     |                     |                     | 90               |
| Due from Other Funds  | 1,346               |                     |                     |                  |
| Due from Other Governmental Agencies  | 133,333             |                     | 316,056             |                  |
| Due From Northwest Iowa Community College Foundation<br>Iowa Industrial New Jobs Training Program |                     | 1,854,328           |                     |                  |
| Inventories   | 203,524             |                     |                     |                  |
| Prepaid Expenses  | 132,989             |                     |                     |                  |
| Bond Issue Costs  |                     |                     |                     |                  |
| Capital Assets  |                     |                     |                     |                  |
| Land  |                     |                     |                     |                  |
| Buildings   |                     |                     |                     |                  |
| Construction in Progress  |                     |                     |                     |                  |
| Software Development  |                     |                     |                     |                  |
| Other Structures and Improvements   |                     |                     |                     |                  |
| Furniture, Machinery and Equipment  |                     |                     |                     |                  |
| Accumulated Depreciation  |                     |                     |                     |                  |
| <b>Total Assets</b>   | <b>\$ 9,321,214</b> | <b>\$ 7,950,000</b> | <b>\$ 2,862,814</b> | <b>\$ 13,118</b> |

| Plant Funds    |              |                            |                     |              |                 |               |
|----------------|--------------|----------------------------|---------------------|--------------|-----------------|---------------|
| Endowment Fund | Unexpended   | Retirement of Indebtedness | Investment in Plant | Agency Funds | Adjustments     | Total         |
|                | \$ 2,360,849 | \$ 88,695                  |                     | \$ 436,240   |                 | \$ 18,590,613 |
|                |              |                            |                     |              |                 | 552,433       |
|                | 6,955        |                            |                     |              |                 | 23,612        |
|                | 551,469      |                            |                     |              |                 | 1,783,030     |
|                |              |                            |                     |              |                 | 90            |
|                | 81,465       |                            |                     |              | \$ (82,811)     | -             |
|                | 590,539      |                            |                     | 41,021       |                 | 1,080,949     |
|                |              |                            | \$ 352,162          |              |                 | 352,162       |
|                |              |                            |                     |              |                 | 1,854,328     |
|                |              |                            |                     |              |                 | 203,524       |
|                |              |                            |                     |              |                 | 132,989       |
|                | 74,065       |                            |                     |              |                 | 74,065        |
|                |              |                            | 346,880             |              |                 | 346,880       |
|                |              |                            | 15,478,810          |              |                 | 15,478,810    |
|                |              |                            | 1,901,709           |              |                 | 1,901,709     |
|                |              |                            | 412,457             |              |                 | 412,457       |
|                |              |                            | 1,017,800           |              |                 | 1,017,800     |
|                |              |                            | 7,003,714           |              |                 | 7,003,714     |
|                |              |                            |                     |              | (11,371,928)    | (11,371,928)  |
| \$ -           | \$ 3,665,342 | \$ 88,695                  | \$ 26,513,532       | \$ 477,261   | \$ (11,454,739) | \$ 39,437,237 |

**NORTHWEST IOWA COMMUNITY COLLEGE  
BALANCE SHEET  
JUNE 30, 2009**

|   | Current Funds       |                      |                     |                  |
|---|---------------------|----------------------|---------------------|------------------|
|   | Unrestricted        | Restricted           |                     | Loan<br>Funds    |
|   |                     | New Jobs<br>Training | Other<br>Restricted |                  |
| <b>Liabilities and Equity</b>                   |                     |                      |                     |                  |
| <b>Liabilities:</b>                             |                     |                      |                     |                  |
| Accounts Payable                                | \$ 597,320          |                      | \$ 921              |                  |
| Salaries and Benefits Payable                   | 218,059             |                      | 14,112              |                  |
| Interest Payable                                |                     |                      |                     |                  |
| Due to Other Funds                              |                     |                      | 1,346               |                  |
| Deferred Revenue                                |                     |                      |                     |                  |
| Succeeding Year Property Tax                    | 551,469             |                      | 680,092             |                  |
| Other   | 308,420             |                      | 87,136              |                  |
| Early Retirement Payable                        |                     |                      | 527,433             |                  |
| Compensated Absences                            | 271,372             |                      |                     |                  |
| Insurance Reserve                               | 150,000             |                      |                     |                  |
| Deposits Held in Custody for Others             | 29,534              |                      |                     |                  |
| Certificates Payable                            |                     | \$ 7,950,000         |                     |                  |
| Capital Lease Payable                           |                     |                      |                     |                  |
| Notes Payable                                   | 12,500              |                      |                     |                  |
| Bonds Payable                                   |                     |                      |                     |                  |
| Net OPEB Obligation                             |                     |                      |                     |                  |
| <b>Total Liabilities</b>                        | <b>2,138,674</b>    | <b>7,950,000</b>     | <b>1,311,040</b>    | <b>-</b>         |
| <b>Fund Balance:</b>                            |                     |                      |                     |                  |
| Invested in Capital Assets, Net of Related Debt |                     |                      |                     |                  |
| Fund Balances:                                  |                     |                      |                     |                  |
| Restricted                                      |                     |                      |                     |                  |
| Nonexpendable:                                  |                     |                      |                     |                  |
| Cash Reserve                                    |                     |                      | 119,016             |                  |
| Expendable:                                     |                     |                      |                     |                  |
| Loans   |                     |                      |                     | \$ 13,118        |
| Other   |                     |                      | 1,432,758           |                  |
| Unrestricted                                    | 7,182,540           |                      |                     |                  |
| <b>Total Fund Balances</b>                      | <b>7,182,540</b>    | <b>-</b>             | <b>1,551,774</b>    | <b>13,118</b>    |
| <b>Total Liabilities and Equity</b>             | <b>\$ 9,321,214</b> | <b>\$ 7,950,000</b>  | <b>\$ 2,862,814</b> | <b>\$ 13,118</b> |

| Endowment<br>Fund | Plant Funds  |                               |                        |            | Agency<br>Funds | Adjustments  | Total         |
|-------------------|--------------|-------------------------------|------------------------|------------|-----------------|--------------|---------------|
|                   | Unexpended   | Retirement of<br>Indebtedness | Investment in<br>Plant |            |                 |              |               |
|                   | \$ 473,414   |                               |                        |            | \$ 747          |              | \$ 1,072,402  |
|                   |              | \$ 15,271                     |                        |            |                 |              | 232,171       |
|                   |              | 81,465                        |                        |            |                 | \$ (82,811)  | 15,271        |
|                   | 551,469      |                               |                        |            |                 |              | -             |
|                   |              |                               |                        |            |                 |              | 1,783,030     |
|                   |              |                               |                        |            |                 |              | 395,556       |
|                   |              |                               |                        |            |                 |              | 527,433       |
|                   |              |                               |                        |            | 5,459           |              | 276,831       |
|                   |              |                               |                        |            |                 |              | 150,000       |
|                   |              |                               |                        |            | 471,055         |              | 500,589       |
|                   |              |                               |                        |            |                 |              | 7,950,000     |
|                   |              |                               | \$ 111,606             |            |                 |              | 111,606       |
|                   |              |                               | 3,685,000              |            |                 |              | 12,500        |
|                   |              |                               |                        |            |                 | 145,000      | 3,685,000     |
|                   |              |                               |                        |            |                 | 62,189       | 145,000       |
| -                 | 1,024,883    | 96,736                        | 3,796,606              | 477,261    |                 |              | 16,857,389    |
|                   |              |                               | 22,364,764             |            |                 | (11,371,928) | 10,992,836    |
|                   |              |                               |                        |            |                 |              | 119,016       |
|                   |              |                               |                        |            |                 |              | 13,118        |
|                   |              | (8,041)                       |                        |            |                 |              | 1,424,717     |
|                   | 2,640,459    |                               | 352,162                |            |                 | (145,000)    | 10,030,161    |
| -                 | 2,640,459    | (8,041)                       | 22,716,926             | -          |                 | (11,516,928) | 22,579,848    |
| \$ -              | \$ 3,665,342 | \$ 88,695                     | \$ 26,513,532          | \$ 477,261 | \$ (11,454,739) | \$           | \$ 39,437,237 |

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF REVENUES, EXPENDITURES  
AND OTHER CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2009**

|   | Current Funds        |                     |                     |
|---|----------------------|---------------------|---------------------|
|   | Unrestricted         | Restricted          |                     |
|   |                      | Jobs Training       | Other Restricted    |
| <b>Revenues and other additions:</b>                    |                      |                     |                     |
| <b>General:</b>   |                      |                     |                     |
| State Appropriations                                    | \$ 4,714,093         |                     | \$ 401,489          |
| Tuition and Fees  | 4,594,816            |                     |                     |
| Property tax  | 521,020              |                     | 726,746             |
| Federal Appropriations                                  | 213,884              |                     | 1,833,746           |
| Interest on Investments                                 | 192,551              | \$ 6,958            | 31,558              |
| Rental of College Facilities                            | 3,365                |                     |                     |
| Iowa Industrial New Jobs Training Program               |                      | 1,686,323           |                     |
| Proceeds From Capital Lease                             |                      |                     |                     |
| Proceeds from Sale of Bonds                             |                      |                     |                     |
| Increase in Plant Investment Due to Donated Plant Asset |                      |                     |                     |
| Increase in Plant Investment Due to Plant Expenditures  |                      |                     |                     |
| Increase in Plant Investment Due to Retirement of Debt  |                      |                     |                     |
| Sale of Capital Assets                                  | 23,225               |                     |                     |
| Miscellaneous   | 23,341               |                     | 641,860             |
| <b>Total General</b>                                    | <b>10,286,295</b>    | <b>1,693,281</b>    | <b>3,635,399</b>    |
| <b>Auxiliary Enterprises:</b>                           |                      |                     |                     |
| State Appropriations                                    | 183,473              |                     |                     |
| Tuition and Fees  | 64,783               |                     |                     |
| Sales and Services                                      | 1,491,852            |                     |                     |
| Interest on Investments                                 | 40,239               |                     |                     |
| Federal Appropriations                                  | 1,882                |                     |                     |
| Miscellaneous   | 505,468              |                     |                     |
| <b>Total Auxiliary Enterprises</b>                      | <b>2,287,697</b>     | <b>-</b>            | <b>-</b>            |
| <br>  |                      |                     |                     |
| <b>Total Revenues and Other Additions</b>               | <b>\$ 12,573,992</b> | <b>\$ 1,693,281</b> | <b>\$ 3,635,399</b> |

| Loan Funds | Endowment Funds | Plant Funds  |                            |                     | Adjustments    | Total         |
|------------|-----------------|--------------|----------------------------|---------------------|----------------|---------------|
|            |                 | Unex-pended  | Retirement of Indebtedness | Investment in Plant |                |               |
|            |                 | \$ 590,539   |                            |                     | \$ (1,011,025) | \$ 5,706,121  |
|            |                 | 521,020      |                            |                     |                | 3,583,791     |
|            |                 | 75,389       |                            |                     |                | 1,768,786     |
|            |                 |              |                            |                     |                | 2,047,630     |
|            |                 |              |                            |                     |                | 306,456       |
|            |                 |              |                            |                     |                | 3,365         |
|            |                 | 137,545      |                            |                     | (137,545)      | 1,686,323     |
|            |                 | 1,985,000    |                            |                     | (1,985,000)    | -             |
|            |                 |              |                            | \$ 1,000,000        |                | 1,000,000     |
|            |                 |              |                            | 2,943,899           | (2,943,899)    | -             |
|            |                 |              |                            | 115,939             | (115,939)      | -             |
|            |                 |              |                            |                     | (23,225)       | -             |
|            |                 |              |                            |                     |                | 665,201       |
| \$ -       | \$ -            | 3,309,493    | \$ -                       | 4,059,838           | (6,216,633)    | 16,767,673    |
|            |                 |              |                            |                     |                | 183,473       |
|            |                 |              |                            |                     |                | 64,783        |
|            |                 |              |                            |                     | (294,608)      | 1,197,244     |
|            |                 |              |                            |                     |                | 40,239        |
|            |                 |              |                            |                     |                | 1,882         |
|            |                 |              |                            |                     |                | 505,468       |
|            |                 |              |                            |                     | (294,608)      | 1,993,089     |
| \$ -       | \$ -            | \$ 3,309,493 | \$ -                       | \$ 4,059,838        | \$ (6,511,241) | \$ 18,760,762 |

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF REVENUES, EXPENDITURES  
AND OTHER CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2009**

|   | Current Funds       |                  |                     |
|---|---------------------|------------------|---------------------|
|   | Unrestricted        | Restricted       |                     |
|   |                     | Jobs Training    | Other Restricted    |
| Expenditures and other deductions:                  |                     |                  |                     |
| Education and Support:                              |                     |                  |                     |
| Liberal Arts and Sciences                           | \$ 1,188,900        |                  | \$ -                |
| Vocational Technical                                | 3,752,569           |                  | 100,013             |
| Adult Education                                     | 792,933             |                  | 26,652              |
| Cooperative Services                                | -                   | \$ 1,693,281     |                     |
| Administration                                      | 647,069             |                  | 26,213              |
| Student Services                                    | 791,574             |                  |                     |
| Learning Resources                                  | 184,932             |                  | -                   |
| Physical Plant                                      | 720,160             |                  | 190,832             |
| General Institution                                 | 1,498,208           |                  | 924,677             |
| Total Education and Support                         | <u>9,576,345</u>    | <u>1,693,281</u> | <u>1,268,387</u>    |
| Auxiliary Enterprises                               | 2,108,840           |                  |                     |
| Scholarships and Grants                             |                     |                  | 1,208,160           |
| Plant Asset Acquisitions                            |                     |                  |                     |
| Retirement of Indebtedness                          |                     |                  |                     |
| Disposal of Plant Assets                            |                     |                  |                     |
| Amorization Expense                                 |                     |                  |                     |
| Issuance of Bonds                                   |                     |                  |                     |
| Issuance of Capital Lease                           |                     |                  |                     |
| Interest on Indebtedness                            |                     |                  |                     |
| Depreciation  |                     |                  |                     |
| Loss on Sale of Capital Assets                      |                     |                  |                     |
| Total Expenditures                                  | <u>11,685,185</u>   | <u>1,693,281</u> | <u>2,476,547</u>    |
| Excess (Deficiency) of Revenues and Other Additions |                     |                  |                     |
| Over (Under) Expenditures and Other Deductions      | <u>888,807</u>      | <u>-</u>         | <u>1,158,852</u>    |
|   |                     |                  |                     |
| Transfers:  |                     |                  |                     |
| Non-mandatory Transfers                             | (223,695)           |                  | (571,767)           |
| Total Transfers                                     | <u>(223,695)</u>    | <u>-</u>         | <u>(571,767)</u>    |
| Net   | 665,112             | -                | 587,085             |
| Fund Balances Beginning of Year                     | 6,840,964           | -                | 964,689             |
| Prior Period Adjustment                             | (323,536)           | -                | -                   |
| Fund Balances Beginning of Year, as Restated        | <u>6,517,428</u>    | <u>-</u>         | <u>964,689</u>      |
| Fund Balances End of Year                           | <u>\$ 7,182,540</u> | <u>\$ -</u>      | <u>\$ 1,551,774</u> |

| Loan Funds | Endowment Funds | Plant Funds  |                            |                     | Adjustments     | Total         |
|------------|-----------------|--------------|----------------------------|---------------------|-----------------|---------------|
|            |                 | Unex-pended  | Retirement of Indebtedness | Investment in Plant |                 |               |
|            |                 |              |                            |                     | \$ 29,421       | \$ 1,218,321  |
|            | \$ -            |              |                            |                     | (7,680)         | 3,844,902     |
|            |                 |              |                            |                     | (28,934)        | 790,651       |
|            |                 |              |                            |                     | -               | 1,693,281     |
|            |                 |              |                            |                     | 9,545           | 682,827       |
|            |                 |              |                            |                     | 12,244          | 803,818       |
|            |                 |              |                            |                     | 53,721          | 238,653       |
|            |                 | \$ 345,675   |                            |                     | 13,307          | 1,269,974     |
|            |                 |              |                            |                     | 19,672          | 2,442,557     |
| -          | -               | 345,675      | -                          | -                   | 101,296         | 12,984,984    |
|            |                 |              |                            |                     | 9,006           | 2,117,846     |
|            |                 |              |                            |                     | (1,200,717)     | 7,443         |
|            |                 | 3,014,117    |                            |                     | (3,014,117)     | -             |
|            |                 |              | \$ 115,939                 |                     | (115,939)       | -             |
|            |                 | 3,230        |                            | \$ 432,742          | (432,742)       | -             |
|            |                 |              |                            | -                   | -               | 3,230         |
|            |                 |              |                            | 1,985,000           | (1,985,000)     | -             |
|            |                 |              |                            | 137,545             | (137,545)       | -             |
|            |                 |              | 90,967                     |                     | -               | 90,967        |
|            |                 |              |                            |                     | 839,302         | 839,302       |
|            |                 |              |                            |                     | (393)           | (393)         |
| -          | -               | 3,363,022    | 206,906                    | 2,555,287           | (5,936,849)     | 16,043,379    |
| -          | -               | (53,529)     | (206,906)                  | 1,504,551           | (574,392)       | 2,717,383     |
|            |                 | 619,282      | 176,180                    |                     |                 | -             |
| -          | -               | 619,282      | 176,180                    |                     |                 | -             |
| -          | -               | 565,753      | (30,726)                   | 1,504,551           | (574,392)       | 2,717,383     |
| \$ 13,118  | 2,042,726       | 2,074,706    | 22,685                     | 21,212,375          | (10,829,316)    | 22,341,947    |
| -          | (2,042,726)     | -            | -                          | -                   | (113,220)       | (2,479,482)   |
| 13,118     | -               | 2,074,706    | 22,685                     | 21,212,375          | (10,942,536)    | 19,862,465    |
| \$ 13,118  | \$ -            | \$ 2,640,459 | \$ (8,041)                 | \$ 22,716,926       | \$ (11,516,928) | \$ 22,579,848 |

**NORTHWEST IOWA COMMUNITY COLLEGE  
UNRESTRICTED FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
EDUCATION AND SUPPORT  
FOR THE YEAR ENDED JUNE 30, 2009**

|   | Education                      |                         |                    |
|---|--------------------------------|-------------------------|--------------------|
|   | Liberal<br>Arts and<br>Science | Vocational<br>Technical | Adult<br>Education |
| <b>REVENUES</b>   |                                |                         |                    |
| State Appropriations  | \$ 1,119,436                   | \$ 2,335,685            | \$ 1,256,810       |
| Tuition and Fees  | 1,185,932                      | 3,035,425               | 341,737            |
| Property Tax  |                                |                         |                    |
| Federal Appropriations  |                                | 68,890                  | 107,535            |
| Rental of College Facilities                                    |                                |                         |                    |
| Interest on Investments   |                                |                         |                    |
| Sale of Assets  |                                |                         |                    |
| Miscellaneous   |                                | 81                      | 200                |
|   | <u>2,305,368</u>               | <u>5,440,081</u>        | <u>1,706,282</u>   |
| Allocation of Support Services                                  | 262,888                        | 365,873                 | 205,803            |
|   | <u>2,568,256</u>               | <u>5,805,954</u>        | <u>1,912,085</u>   |
| Total Revenues  |                                |                         |                    |
| <b>EXPENDITURES</b>   |                                |                         |                    |
| Salaries and Benefits   | 1,134,111                      | 3,261,519               | 539,784            |
| Services  | 33,592                         | 182,992                 | 139,521            |
| Materials and Supplies  | 18,786                         | 280,687                 | 67,306             |
| Travel  | 2,411                          | 27,371                  | 46,322             |
| Miscellaneous   |                                |                         |                    |
|   | <u>1,188,900</u>               | <u>3,752,569</u>        | <u>792,933</u>     |
| Allocation of Support Services                                  | 1,210,212                      | 1,684,308               | 947,423            |
|   | <u>2,399,112</u>               | <u>5,436,877</u>        | <u>1,740,356</u>   |
| Total Expenditures  |                                |                         |                    |
| Excess (Deficiency) of<br>Revenues Over (Under)<br>Expenditures | 169,144                        | 369,077                 | 171,729            |
| <b>TRANSFERS</b>  |                                |                         |                    |
| Non-Mandatory Transfers In                                      | -                              | 155,529                 |                    |
| Non-Mandatory Transfers Out                                     |                                | (50,191)                |                    |
| Net   | <u>\$ 169,144</u>              | <u>\$ 474,415</u>       | <u>\$ 171,729</u>  |

Fund Balances Beginning of Year

Fund Balances End of Year

Note: The support services allocations are based on the percentage of contact hours reported.

| Support Services       |                  |                    |                    |                     | Total Education and Support Services |
|------------------------|------------------|--------------------|--------------------|---------------------|--------------------------------------|
| General Administration | Student Services | Learning Resources | Physical Plant     | General Institution |                                      |
| \$ -                   | \$ 31,722        | \$ 100             | \$ 2,062           |                     | \$ 4,714,093                         |
| 521,020                |                  |                    |                    |                     | 4,594,816                            |
| 17,742                 | 500              |                    |                    | \$ 19,217           | 521,020                              |
|                        |                  |                    | 3,365              |                     | 213,884                              |
| 181,602                |                  |                    |                    | 10,949              | 3,365                                |
| 23,225                 |                  |                    |                    |                     | 192,551                              |
| 18,147                 | 30               | 34                 | 3,503              | 1,346               | 23,225                               |
| <u>761,736</u>         | <u>32,252</u>    | <u>134</u>         | <u>8,930</u>       | <u>31,512</u>       | <u>10,286,295</u>                    |
| (761,736)              | (32,252)         | (134)              | (8,930)            | (31,512)            | (0)                                  |
| <u>-</u>               | <u>-</u>         | <u>-</u>           | <u>-</u>           | <u>-</u>            | <u>10,286,295</u>                    |
| 559,940                | 718,268          | 141,127            | 468,931            | 566,819             | 7,390,499                            |
| 58,247                 | 46,870           | 11,758             | 140,222            | 621,737             | 1,234,939                            |
| 11,055                 | 18,641           | 32,047             | 111,007            | 224,695             | 764,224                              |
| 17,565                 | 7,387            |                    |                    | 27,523              | 128,579                              |
| 262                    | 408              |                    |                    | 57,434              | 58,104                               |
| <u>647,069</u>         | <u>791,574</u>   | <u>184,932</u>     | <u>720,160</u>     | <u>1,498,208</u>    | <u>9,576,345</u>                     |
| (647,069)              | (791,574)        | (184,932)          | (720,160)          | (1,498,208)         | -                                    |
| <u>-</u>               | <u>-</u>         | <u>-</u>           | <u>-</u>           | <u>-</u>            | <u>9,576,345</u>                     |
| -                      | -                | -                  | -                  | -                   | 709,950                              |
| 10,000                 |                  |                    | -                  | 15,610              | 181,139                              |
|                        |                  |                    | (26,850)           | (813,099)           | (890,140)                            |
| <u>\$ 10,000</u>       | <u>\$ -</u>      | <u>\$ -</u>        | <u>\$ (26,850)</u> | <u>\$ (797,489)</u> | <u>949</u>                           |
|                        |                  |                    |                    |                     | 1,243,168                            |
|                        |                  |                    |                    |                     | <u>\$ 1,244,117</u>                  |

**NORTHWEST IOWA COMMUNITY COLLEGE  
UNRESTRICTED FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND OTHER CHANGES IN FUND BALANCE  
AUXILIARY ENTERPRISES  
FOR THE YEAR ENDED JUNE 30, 2009**

|  | Bookstore         | Dormitories       | Carpentry         |
|--|-------------------|-------------------|-------------------|
| <b>REVENUES</b>  |                   |                   |                   |
| State Appropriations   |                   |                   |                   |
| Tuition and Fees   |                   |                   |                   |
| Sales and Services (Net of Returns)                          | \$ 638,569        | \$ 239,229        | \$ 98,800         |
| Interest on Investments                                      | 3,404             | 594               | 3,992             |
| Federal Appropriations                                       | 1,184             |                   |                   |
| Miscellaneous  | 746               |                   | 210               |
|  | <u>643,903</u>    | <u>239,823</u>    | <u>103,002</u>    |
| Total Revenues   |                   |                   |                   |
| <b>EXPENDITURES</b>  |                   |                   |                   |
| Salaries and Benefits  | 92,793            |                   |                   |
| Services   | 15,360            | 15,592            | 20,064            |
| Materials and Supplies                                       | 3,293             | 3,305             |                   |
| Travel   | 1,741             |                   | 300               |
| Cost of Goods Sold   | 459,067           |                   | 100,722           |
| Miscellaneous  | 100               |                   |                   |
|  | <u>572,354</u>    | <u>18,897</u>     | <u>121,086</u>    |
| Total Expenditures   |                   |                   |                   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 71,549            | 220,926           | (18,084)          |
| <b>TRANSFERS</b>   |                   |                   |                   |
| Non-Mandatory Transfers In                                   |                   |                   | -                 |
| Non-Mandatory Transfers Out                                  |                   | (176,180)         |                   |
|  | <u>71,549</u>     | <u>44,746</u>     | <u>(18,084)</u>   |
| Net  |                   |                   |                   |
| Fund Balance Beginning of Year                               | 597,299           | 145,764           | 185,398           |
| Prior Period Adjustment                                      | (27,152)          | (5,186)           | 21,566            |
| Fund Balance Beginning of Year, restated                     | <u>570,147</u>    | <u>140,578</u>    | <u>206,964</u>    |
| Fund Balance End of Year                                     | <u>\$ 641,696</u> | <u>\$ 185,324</u> | <u>\$ 188,880</u> |

| Farm       | Parts      | Printing and<br>Reproduction | Trade and<br>Industry | Other        | Total        |
|------------|------------|------------------------------|-----------------------|--------------|--------------|
|            |            |                              | \$ 106,798            | \$ 76,675    | \$ 183,473   |
|            |            |                              |                       | 64,783       | 64,783       |
| \$ 1,400   | \$ 266,116 | \$ 66,780                    |                       | 180,958      | 1,491,852    |
| 3,323      | 2,114      | 4,230                        | 12,070                | 10,512       | 40,239       |
| -          |            |                              |                       | 698          | 1,882        |
|            |            | 791                          | 200,167               | 303,554      | 505,468      |
| 4,723      | 268,230    | 71,801                       | 319,035               | 637,180      | 2,287,697    |
|            |            | 31,365                       | 328,389               | 75,795       | 528,342      |
|            | 660        | 11,468                       | 256,634               | 100,422      | 420,200      |
|            | 439        | 11,680                       | 24,514                | 223,859      | 267,090      |
|            |            |                              | 15,611                | 2,623        | 20,275       |
|            | 244,548    |                              |                       | 48,376       | 852,713      |
| 10,398     |            | 4,244                        |                       | 5,478        | 20,220       |
| 10,398     | 245,647    | 58,757                       | 625,148               | 456,553      | 2,108,840    |
| (5,675)    | 22,583     | 13,044                       | (306,113)             | 180,627      | 178,857      |
|            |            |                              | 39,825                | 797,752      | 837,577      |
|            |            |                              |                       | (176,091)    | (352,271)    |
| (5,675)    | 22,583     | 13,044                       | (266,288)             | 802,288      | 664,163      |
| 84,624     | 166,461    | 259,102                      | 297,549               | 3,861,599    | 5,597,796    |
| 40,485     |            | 46,566                       | (25,315)              | (374,500)    | (323,536)    |
| 125,109    | 166,461    | 305,668                      | 272,234               | 3,487,099    | 5,274,260    |
| \$ 119,434 | \$ 189,044 | \$ 318,712                   | \$ 5,946              | \$ 4,289,387 | \$ 5,938,423 |

**NORTHWEST IOWA COMMUNITY COLLEGE  
RESTRICTED FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2009**

|  | Scholarships<br>and<br>Grants | Equipment<br>Replacement | Insurance            |
|--|-------------------------------|--------------------------|----------------------|
| <b>REVENUES</b>  |                               |                          |                      |
| State Appropriations   | \$ 119,177                    |                          |                      |
| Property Tax   |                               | \$ 231,552               | \$ 139,918           |
| Federal Appropriations   | 859,348                       |                          |                      |
| Investment Income  |                               |                          |                      |
| Iowa Industrial New Jobs Training Program                        |                               |                          |                      |
| Miscellaneous  | 228,566                       |                          |                      |
| <b>Total Revenues</b>  | <u>1,207,091</u>              | <u>231,552</u>           | <u>139,918</u>       |
| <b>EXPENDITURES</b>  |                               |                          |                      |
| Salaries and Benefits  |                               |                          |                      |
| Services   |                               |                          | 181,339              |
| Material and Supplies  | 8                             |                          |                      |
| Travel   |                               |                          |                      |
| Interest in Indebtedness   |                               |                          |                      |
| Federal Pell Grant Program                                       | 838,854                       |                          |                      |
| Federal Supplemental Educational<br>Opportunity Grant            | 14,120                        |                          |                      |
| Federal TRIO and Title 3 Grant Program                           |                               |                          |                      |
| Federal College Work Study                                       | 4,122                         |                          |                      |
| Other Misc. Federal Funds  | 11,828                        |                          |                      |
| Iowa College Student Aid Commission                              | 77,351                        |                          |                      |
| Other Misc. State Grants   | 33,106                        |                          |                      |
| Private Scholarships   | 228,771                       |                          |                      |
| <b>Total Expenditures</b>  | <u>1,208,160</u>              | <u>-</u>                 | <u>181,339</u>       |
| <br>Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <br>(1,069)                   | <br>231,552              | <br>(41,421)         |
| <b>TRANSFERS</b>   |                               |                          |                      |
| Non-Mandatory Transfers Out                                      |                               | (208,634)                |                      |
| <b>Net</b>   | <u>(1,069)</u>                | <u>22,918</u>            | <u>(41,421)</u>      |
| <br>Fund Balances Beginning of Year                              | <br><u>7,479</u>              | <br><u>35,952</u>        | <br><u>64,404</u>    |
| <br>Fund Balances (Deficit) End of Year                          | <br><u>\$ 6,410</u>           | <br><u>\$ 58,870</u>     | <br><u>\$ 22,983</u> |

| Unemployment<br>Compensation | Early<br>Retirement | Cash<br>Reserve   | Iowa<br>Industrial<br>New Jobs<br>Training<br>Program | Other               | Total               |
|------------------------------|---------------------|-------------------|---|---------------------|---------------------|
| \$ 29,970                    | \$ 325,306          |                   |   | \$ 282,312          | \$ 401,489          |
|                              |                     |                   |   |                     | 726,746             |
|                              |                     |                   |   | 974,398             | 1,833,746           |
|                              |                     |                   | \$ 6,958  | 31,558              | 38,516              |
|                              |                     |                   | 1,686,323   |                     | 1,686,323           |
|                              |                     |                   |   | 413,294             | 641,860             |
| <u>29,970</u>                | <u>325,306</u>      | <u>-</u>          | <u>1,693,281</u>                                      | <u>1,701,562</u>    | <u>5,328,680</u>    |
| 1,946                        | 16,828              |                   |   | 568,434             | 587,208             |
|                              |                     |                   | 1,180,567   | 129,909             | 1,491,815           |
|                              |                     |                   |   | 271,987             | 271,995             |
|                              |                     |                   |   | 30,301              | 30,301              |
|                              |                     |                   | 512,714   |                     | 512,714             |
|                              |                     |                   |   |                     | 838,854             |
|                              |                     |                   |   |                     | 14,120              |
|                              |                     |                   |   | 39,000              | 39,000              |
|                              |                     |                   |   |                     | 4,122               |
|                              |                     |                   |   | 28,643              | 40,471              |
|                              |                     |                   |   |                     | 77,351              |
|                              |                     |                   |   |                     | 33,106              |
|                              |                     |                   |   |                     | 228,771             |
| <u>1,946</u>                 | <u>16,828</u>       | <u>-</u>          | <u>1,693,281</u>                                      | <u>1,068,274</u>    | <u>4,169,828</u>    |
| 28,024                       | 308,478             | -                 | -   | 633,288             | 1,158,852           |
|                              |                     |                   |   | (363,133)           | (571,767)           |
| <u>28,024</u>                | <u>308,478</u>      | <u>-</u>          | <u>-</u>  | <u>270,155</u>      | <u>587,085</u>      |
| <u>23,888</u>                | <u>(622,734)</u>    | <u>\$ 119,016</u> | <u>-</u>  | <u>1,336,684</u>    | <u>964,689</u>      |
| <u>\$ 51,912</u>             | <u>\$ (314,256)</u> | <u>\$ 119,016</u> | <u>\$ -</u>   | <u>\$ 1,606,839</u> | <u>\$ 1,551,774</u> |

**NORTHWEST IOWA COMMUNITY COLLEGE  
AGENCY FUNDS  
SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS  
FOR THE YEAR ENDED JUNE 30, 2009**

|                                   | <u>Student<br/>Clubs and<br/>Organizations</u> | <u>NICC<br/>Foundation</u> | <u>Municipal<br/>Coordinator</u> | <u>Northwest<br/>Iowa<br/>Developers</u> | <u>Total</u>      |
|-----------------------------------|--|----------------------------|----------------------------------|--|-------------------|
| Balance Beginning of Year         | \$ 25,470                                      | \$ 169,030                 | \$ (22,514)                      | \$ 323,536                               | \$ 495,522        |
| <b>ADDITIONS</b>                  |  |                            |                                  |  |                   |
| Tuition and Fees                  | 40,495   |                            |                                  |  | 40,495            |
| Federal Appropriations            | 262  |                            |                                  | 80,473                                   | 80,735            |
| Interest on Investments           |  | 1,884                      |                                  | 1,417                                    | 3,301             |
| Transfers from Governmental Funds |  |                            | 110                              | 34,473                                   | 34,583            |
| Miscellaneous                     | 26,966   |                            | 92,175                           | 95,407                                   | 214,548           |
| Total Additions                   | 67,723   | 1,884                      | 92,285                           | 211,770                                  | 373,662           |
| <b>DEDUCTIONS</b>                 |  |                            |                                  |  |                   |
| Salaries and Benefits             | 14,463   | 29,791                     | 61,430                           | 1,133                                    | 106,817           |
| Services and Workshops            | 19,608   |                            | 7,316                            | 203,324                                  | 230,248           |
| Material and Supplies             | 7,509  | 5,496                      | 3,180                            | 2,764                                    | 18,949            |
| Travel                            | 17,902   |                            | 340                              | 13,795                                   | 32,037            |
| Scholarships and Awards           | 2,431  |                            |                                  |  | 2,431             |
| Miscellaneous                     | 7,647  |                            |                                  |  | 7,647             |
| Total Deductions                  | 69,560   | 35,287                     | 72,266                           | 221,016                                  | 398,129           |
| Balance End of Year               | <u>\$ 23,633</u>                               | <u>\$ 135,627</u>          | <u>\$ (2,495)</u>                | <u>\$ 314,290</u>                        | <u>\$ 471,055</u> |

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

| <u>Grantor/Program</u>  | <u>CFDA<br/>Number</u> | <u>Program<br/>Expenditures</u> | <u>New Loans<br/>and New Loan<br/>Guarantees</u> |
|---|------------------------|---------------------------------|--|
| <b>Direct:</b>  |                        |                                 |  |
| U.S. Department of Education:   |                        |                                 |  |
| Student Financial Aid Cluster:  |                        |                                 |  |
| Federal Supplemental Educational Opportunity Grants                                       | 84.007                 | \$ 14,120                       |  |
| Federal Family Education Loans  | 84.032                 |                                 | \$ 2,342,255                                     |
| Federal Work-Study Program  | 84.033                 | 22,444                          |  |
| Federal Pell Grant Program  | 84.063                 | 838,854                         |  |
| Academic Competitiveness Grants   | 84.375                 | 9,576                           |  |
| Total for Student Financial Aid Cluster - Note 2  |                        | <u>884,994</u>                  | <u>2,342,255</u>                                 |
| Higher Education - Institutional Aid  | 84.031                 | 236,498                         |  |
| TRIO Student Support Services   | 84.042                 | 238,235                         |  |
| U.S. Department of Labor:   |                        |                                 |  |
| WIA Pilots, Demonstrations, and Research Projects   | 17.261                 | 462,419                         |  |
| Total Direct  |                        | <u>1,822,146</u>                | <u>2,342,255</u>                                 |
| <b>Indirect:</b>  |                        |                                 |  |
| U.S. Department of Education:   |                        |                                 |  |
| Indirect Through Iowa Department of Education:  |                        |                                 |  |
| Adult Education - State Grant Program   | 84.002                 | 105,660                         |  |
| Vocational Education - Basic Grants to States   | 84.048                 | 68,890                          |  |
| Tech-Prep Education   | 84.243                 | 65,723                          |  |
| U.S. Department of the Treasury:  |                        |                                 |  |
| Indirect Through Iowa Department of Economic Development:                                 |                        |                                 |  |
| Temporary State Fiscal Relief (Jobs and Growth Tax<br>Reconciliation Act of 2003) Program | 21.000                 | 80,473                          |  |
| U.S. Department of Labor:   |                        |                                 |  |
| Indirect Through Iowa Department of Education:  |                        |                                 |  |
| Incentive Grants- WIA Section 503   | 17.267                 | 37,246                          |  |
| Mine Health and Safety Grants   | 17.600                 | 1,875                           |  |
| Total Indirect  |                        | <u>359,867</u>                  | -  |
| Total   |                        | <u>\$ 2,182,013</u>             | <u>\$ 2,342,255</u>                              |

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Note 1 - BASIS OF PRESENTATION-** The above Schedule of Expenditures of Federal Awards includes the federal grant activity of Northwest Iowa Community College and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**Note 2 - MAJOR PROGRAMS-** Total expenditures from the Student Financial Aid Cluster are considered a major program.

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF CREDIT/CONTACT HOUR ENROLLMENT  
FOR THE YEAR ENDED JUNE 30, 2009**

| <u>Category</u>                   | <u>Credit Hours</u>         |                                     |               | <u>Contact Hours</u>        |                                     |                |
|-----------------------------------|-----------------------------|-------------------------------------|---------------|-----------------------------|-------------------------------------|----------------|
|                                   | <u>Eligible<br/>for Aid</u> | <u>Not<br/>Eligible<br/>for Aid</u> | <u>Total</u>  | <u>Eligible<br/>for Aid</u> | <u>Not<br/>Eligible<br/>for Aid</u> | <u>Total</u>   |
| Arts and Sciences                 | 14,245                      | -                                   | 14,245        | -                           | -                                   | -              |
| Vocational Education              | 15,312                      | -                                   | 15,312        | -                           | -                                   | -              |
| Adult and Continuing Education    | -                           | -                                   | -             | 206,581                     | 25,032                              | 231,613        |
| Cooperative Programs and Services | -                           | -                                   | -             | -                           | -                                   | -              |
| Related Services and Activities   | -                           | -                                   | -             | -                           | -                                   | -              |
| <b>Total</b>                      | <b>29,557</b>               | <b>-</b>                            | <b>29,557</b> | <b>206,581</b>              | <b>25,032</b>                       | <b>231,613</b> |

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES**

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|                      | <u>Years Ended June 30,</u> |                     |                     |                     |                     |
|----------------------|-----------------------------|---------------------|---------------------|---------------------|---------------------|
|                      | <u>2009</u>                 | <u>2008</u>         | <u>2007</u>         | <u>2006</u>         | <u>2005</u>         |
| Local (Property Tax) | \$ 1,768,786                | \$ 1,690,104        | \$ 1,643,656        | \$ 1,385,528        | \$ 1,365,872        |
| State                | 5,889,594                   | 5,415,475           | 4,869,290           | 5,076,529           | 4,480,350           |
| Federal              | 2,049,512                   | 1,786,600           | 1,539,091           | 1,300,358           | 1,707,628           |
| Total                | <u>\$ 9,707,892</u>         | <u>\$ 8,892,179</u> | <u>\$ 8,052,037</u> | <u>\$ 7,762,415</u> | <u>\$ 7,553,850</u> |

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Years Ended June 30,

| <u>2004</u>        | <u>2003</u>        | <u>2002</u>        | <u>2001</u>        | <u>2000</u>        |
|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ 1,739,325       | \$ 1,439,405       | \$ 1,367,925       | \$ 1,311,651       | \$ 1,170,302       |
| 4,834,384          | 3,920,141          | 3,944,274          | 4,212,210          | 4,518,547          |
| 1,471,415          | 1,504,354          | 1,260,141          | 895,830            | 783,732            |
| <u>\$8,045,124</u> | <u>\$6,863,900</u> | <u>\$6,572,340</u> | <u>\$6,419,691</u> | <u>\$6,472,581</u> |

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF CURRENT FUND REVENUES BY SOURCE  
AND EXPENDITURES BY FUNCTION  
FOR THE LAST SEVEN YEARS**

|   | Years Ended June 30, |                      |
|---|----------------------|----------------------|
|   | 2009                 | 2008                 |
| <b>Revenues:</b>                          |                      |                      |
| State Appropriations                      | \$ 5,115,582         | \$ 5,076,593         |
| Tuition and Fees                          | 4,594,816            | 4,350,441            |
| Property Tax                              | 1,247,766            | 1,181,464            |
| Federal Appropriations                    | 2,047,630            | 1,761,848            |
| Interest on Investments                   | 231,067              | 538,838              |
| Rental of College Facilities              | 3,365                | 3,475                |
| Iowa Industrial New Jobs Training Program | 1,686,323            | 1,294,012            |
| Auxiliary Enterprises                     | 2,310,922            | 2,832,983            |
| Miscellaneous                             | 665,201              | 239,296              |
| <b>Total</b>                              | <b>17,902,672</b>    | <b>17,278,950</b>    |
| <b>Expenditures:</b>                      |                      |                      |
| Liberal Arts and Sciences                 | 1,188,900            | 1,112,487            |
| Vocational Technical                      | 3,852,582            | 3,561,537            |
| Adult Education                           | 819,585              | 760,251              |
| Cooperative Services                      | 1,693,281            | 1,294,012            |
| Administration                            | 673,282              | 864,847              |
| Student Services                          | 791,574              | 739,662              |
| Learning Resources                        | 184,932              | 183,868              |
| Physical Plant                            | 910,992              | 842,751              |
| General Institution                       | 2,422,885            | 2,333,919            |
| Auxiliary Enterprises                     | 2,108,840            | 2,295,261            |
| Scholarships and Grants                   | 1,208,160            | 1,046,340            |
| <b>Total</b>                              | <b>\$ 15,855,013</b> | <b>\$ 15,034,935</b> |

| Years Ended June 30, |                   |                   |                   |                   |
|----------------------|-------------------|-------------------|-------------------|-------------------|
| 2007                 | 2006              | 2005              | 2004              | 2003              |
| \$ 4,592,064         | \$ 4,401,131      | \$ 3,923,632      | \$ 3,751,034      | \$ 3,689,224      |
| 3,315,756            | 3,680,573         | 3,320,277         | 3,079,620         | 2,875,264         |
| 1,140,891            | 904,535           | 892,918           | 1,201,041         | 907,254           |
| 1,538,295            | 1,233,337         | 1,707,628         | 1,471,415         | 1,504,354         |
| 763,782              | 475,939           | 212,664           | 115,449           | 128,377           |
| 5,319                | 16,740            | 16,834            | -                 | -                 |
| 1,889,462            | 2,142,573         | 895,643           | 1,013,191         | 1,337,177         |
| 2,826,435            | 2,204,798         | 1,825,774         | 2,081,546         | 2,184,916         |
| 371,399              | 1,004,317         | 657,534           | 556,552           | 465,110           |
| <u>16,443,403</u>    | <u>16,063,943</u> | <u>13,452,904</u> | <u>13,269,848</u> | <u>13,091,676</u> |

|                      |                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| 990,573              | 931,718              | 951,456              | 882,087              | 730,925              |
| 3,387,504            | 3,450,254            | 2,920,229            | 2,988,602            | 3,166,191            |
| 764,969              | 701,671              | 711,198              | 711,687              | 710,039              |
| 1,899,727            | 2,163,105            | 908,702              | 1,022,219            | 1,349,699            |
| 719,507              | 1,444,392            | 593,189              | 571,449              | 1,171,465            |
| 748,640              | 632,854              | 566,894              | 639,934              | 532,783              |
| 179,450              | 170,120              | 162,827              | 159,701              | 181,883              |
| 763,413              | 723,572              | 660,123              | 623,851              | 581,367              |
| 2,257,269            | 1,814,882            | 1,998,322            | 1,663,411            | 1,368,395            |
| 2,379,406            | 2,072,195            | 1,718,690            | 1,730,754            | 1,895,394            |
| 840,366              | 877,555              | 1,058,637            | 970,644              | 942,054              |
| <u>\$ 14,930,824</u> | <u>\$ 14,982,318</u> | <u>\$ 12,250,267</u> | <u>\$ 11,964,339</u> | <u>\$ 12,630,195</u> |



21 1<sup>st</sup> Avenue NW  
P.O. Box 1010  
Le Mars, IA 51031  
Phone (712) 546-7801  
Fax (712) 546-6543

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Northwest Iowa Community College  
Sheldon, Iowa

We have audited the statement of net assets, and the related statement of revenues, expenses and changes in net assets and cash flows of NORTHWEST IOWA COMMUNITY COLLEGE, Sheldon, Iowa, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Northwest Iowa Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that we are required to report under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2009, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Northwest Iowa Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northwest Iowa Community College's internal

control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Northwest Iowa Community College's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency and a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Northwest Iowa Community College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Northwest Iowa Community College's financial statements that is more than inconsequential will not be prevented or detected by Northwest Iowa Community College's internal control. We consider the deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as item II-A-09 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Northwest Iowa Community College's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above as II-A-09 to be a material weakness.

Northwest Iowa Community College's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the College's response, we did not audit Northwest Iowa Community College's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Northwest Iowa Community College during the course of our audit. If you have any questions concerning the above matters we will be pleased to discuss them with you at your convenience.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
December 15, 2009



21 1<sup>st</sup> Avenue NW  
P.O. Box 1010  
Le Mars, IA 51031  
Phone (712) 546-7801  
Fax (712) 546-6543

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Northwest Iowa Community College  
Sheldon, Iowa

**Compliance**

We have audited the compliance of NORTHWEST IOWA COMMUNITY COLLEGE, Sheldon, Iowa, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2009. Northwest Iowa Community College's major Federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major Federal program is the responsibility of Northwest Iowa Community College's management. Our responsibility is to express an opinion on Northwest Iowa Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Northwest Iowa Community College's compliance with those requirements.

In our opinion, Northwest Iowa Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2009.

**Internal Control Over Compliance**

The management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material

effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northwest Iowa Community College's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the officials, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
December 15, 2009

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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**Part I: Summary of the Independent Auditors' Results:**

- (a) An unqualified opinion was issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program as follows:

Student Financial Assistance Cluster:

|               |        |   |
|---------------|--------|---|
| CFDA Numbers: | 84.007 | Federal Supplemental Educational Opportunity Grants |
|               | 84.032 | Federal Family Education Loans                      |
|               | 84.033 | Federal Work-Study Program                          |
|               | 84.063 | Federal Pell Grant Program                          |
|               | 84.375 | Academic Competitiveness Grants                     |

- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Northwest Iowa Community College did not qualify as a low-risk auditee.

**Part II: Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

II-A-09 Financial Reporting – During the audit, we identified material amounts of payables and capital asset additions not recorded in the College's financial statements. Adjustments were subsequently made by the College to properly include these amounts in the financial statements.

Recommendation – The College should implement procedures to ensure all payables and capital asset additions are properly identified, classified, and included in the College's financial statements.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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**Part III: Findings and Questioned Costs for Federal Awards**

No instances of noncompliance or significant deficiencies relating to Federal Awards were noted.

**Part IV: Other Findings Related to Required Statutory Reporting:**

- 09-IV-A      Certified Budget – Total operating expenditures for the year ended June 30, 2009 did not exceed the amount budgeted.
- 09-IV-B      Questionable Expenditures – No expenditures that did not meet the requirements of public purpose, as defined in an Attorney General's opinion, dated April 25, 1979, were noted.
- 09-IV-C      Travel Expense – No expenditures of the Community College money for travel expenses of spouses of Community College officials or employees were noted. No travel advances to Community College officials or employees were noted.
- 09-IV-D      Business Transactions – No non-exempt business transactions between the Community College and the Community College officials or employees were noted.
- 09-IV-E      Bond Coverage – Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations
- 09-IV-F      Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 09-IV-G      Publication – The Community College published a statement of receipts and disbursements of all required funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Chapter 260C.14(12) of the Code of Iowa.
- 09-IV-H      Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted.
- 09-IV-I      Credit/Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the Community College were supported by detailed records maintained by the Community College.

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF PRIOR YEAR FINDINGS FOR FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2008**

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The audit for the year ended June 30, 2008 did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).